



The Community Media Association (CMA) is a non-profit making organisation founded in 1983 to support community radio - and our remit has expanded to encompass community television and community-based Internet projects. The CMA represents the community media sector to Government, industry and regulatory bodies.

Our membership brings together established organisations, aspirant groups and individuals within the sector. The CMA provides a range of advice, information and consultancy, offering support to anyone with an interest in the sector.

Much of the CMA's work has a strategic emphasis and the organisation has been intensely involved in liaison on behalf of the community broadcasting sector with Government, the regulator Ofcom and other strategic bodies regarding actual or proposed legislation and regulation.

The CMA consulted with its membership and our response below is informed by submissions from the community radio sector.

Question 1. Do you agree that Ofcom's duty to secure 'localness' on local commercial radio stations could be satisfied if stations were able to reduce the amount of locally-made programming they provide? If not, please explain the reasons and/or evidence which support your view.

CMA members have expressed the view that if Ofcom reduces the localness requirement on local commercial radio stations then that would undermine the fundamental *raison d'être* of those stations. And where a local commercial station becomes part of a larger group and broadcasts networked content under the group name, that station should indeed cease to be considered a small local radio station. In both cases, the rules that currently restrict the commercial activity of community radio stations should be reviewed and revised.

The CMA agrees with our members' views outlined above, that a reduction in the amount of locally-made programming on commercial radio should be combined with a concomitant relaxation of the rules that currently constrain the commercial income-generating activity of community radio stations operating where the potential audience includes no more than 150,000 persons who have attained the age of 15 years (Sections 3 and 4 of the Community Radio (Amendment) Order 2015).

Furthermore, in view of the reduction in the requirement for local commercial stations to produce locally-made content the CMA would encourage the Secretary of State to request Ofcom to review whether the £15,000 figure in the Community Radio (Amendment) Order 2015 subsections (4)(b) and (5) remains appropriate – and we would argue that there is a case to consider that the threshold should now be increased.

Question 2. Do you agree with our proposed amendments to the localness guidelines relating to locally-made programming? If not, please specify any amendments you think should be made instead (if any), and explain the reasons and/or evidence which support your view.

It is questionable whether reducing the requirement to maintain production facilities for locally-made programming will mean that commercial radio companies will “choose to spend the costs of maintaining separate studios on producing high-quality, locally relevant content” (Page 16, Localness on commercial radio, Ofcom). Indeed, with the costs of technology becoming ever cheaper there has undoubtedly been a downward trend in the cost of making locally-produced content over the last decade or more. A more likely scenario is that production costs and other overheads will be reduced with the result being increased profits made by local commercial radio stations.

However, with regard to community radio the CMA asks Ofcom to review and revise the restrictions on commercial activity placed on community radio stations and to permit all community radio stations to earn the same amount of commercial income irrespective of the current restrictions associated with the size of the local TSA.

Question 3. Do you agree with our proposed new approved areas? If not, please specify any alternative proposals you think should be considered (if any), and explain the reasons and/or evidence which support your view.

The CMA would agree with the view expressed in Ofcom’s consultation document that “there remain considerable advantages, such as knowledge and understanding of a local area and the ability to make contacts, in having journalists based in the editorial area that they are covering” (Page 21, Localness on commercial radio, Ofcom). It is our sector’s view that a reduction in the localness requirement on local commercial radio presents a potential opportunity for community radio stations to provide enhanced coverage of local news and events that will compliment a networked news service syndicated from outside the locality.

Question 4. Do you agree with our proposed amendments to the localness guidelines relating to local material? If not, please specify any amendments you think should be made instead, and explain the reasons and/or evidence which support your view.

It is the view of the CMA and our membership that local material and content is more than just local news, travel, weather, and sport. Radio is about local voices telling local stories. Community radio provides opportunities to access making media and is particularly about meeting the needs of under-served communities.

The CMA therefore requests that the current level of the Community Radio Fund is reviewed and increased to reflect the greater requirement to be placed on the community radio sector to speak for and represent the views, needs, and requirements of local communities that will inevitably be losing some of the localness in their local radio service.

Ofcom’s proposed changes as a whole will significantly reduce many of the defining characteristics of local commercial radio services – and this should therefore be counter-balanced by enhanced support for community radio to increase its service provision for communities. The CMA proposes that

- a) the restrictions on 150k TSA overlap areas should be removed; and
- b) the Community Radio Fund should be substantially increased to reflect the greater number of stations and greater local demand placed on community radio stations to cover local stories.

In [Media Nations 2018](#), the comprehensive report from Ofcom into major trends in the UK's television, radio, and audio sector it was reported that in 2017 community radio sector revenues remained flat in real terms compared to prior year, at £11.9m.

Average income per station fell by 5% in real terms to £50,558, reflecting flat real-terms income for the sector as a whole across a larger number of stations (236 stations reporting 2017 data vs. 227 reporting 2016 data). With grant funding and income from donations becoming increasingly harder to find due to the economy, advertising and sponsorship at £4.4m in 2017 remained the largest source of income for the sector at 37% of total sector income. Average expenditure per station fell by 4% in real terms to £50,460.

However taking a closer look at the figures, an average income of £50,558 in 2017 would only have been worth £39,858 in 2008 when adjusting for inflation using Bank of England RPI figures. Had average income been maintained at the 2008 level of £84,000 and additionally had risen in line with inflation at an average of 2.7% per year (using Bank of England figures), income for community radio stations in 2017 would have averaged £106,548 - graphically illustrating that community radio stations are struggling on approximately less than half the resources available to them only 9 years previously.

Furthermore, as mean income for the sector has consistently decreased each year since 2008 (except for 2014 when it rose by a meagre 0.8%) and median income has also consistently fallen each year since 2008, commercial revenue for the community radio sector has therefore similarly declined in real terms.

It is therefore clear that community radio operates in a different environment to commercial radio, a sector that has seen UK advertising revenues grow by 1% in real terms between 2016 and 2017, to £557m. This was driven by real-terms increases of 1% in national advertising revenue, to £285m, and 2% in local commercial advertising revenues, to £141m. There is therefore a growing and convincing argument that the current restrictions placed on the community radio sector to earn commercial revenue (for those stations that wish to do so) are outdated and require immediate review in the light of the proposed reduction of the localness requirement on local commercial radio.

Additionally, DCMS allocated £400,000 to the Community Radio Fund for the financial year 1 April 2017 to 31 March 2018. However the community radio sector continues to grow: there were 255 stations broadcasting at the end of the 2017/18 financial year, compared with 245 in 2016/17 – and more demand is placed on the Community Radio Fund. The Community Radio Fund is the only dedicated fund for supporting community radio. Using the fund to help radio stations develop the skills to attract revenue to support community broadcasting is a social investment that propagates further sustaining revenue through grants, training, sponsorship, advertising and so on.

The community radio sector should not be considered a threat to commercial radio but instead should be considered to play a complimentary and vital role in adding to a culture of radio listening and increasing both interest and participation in the industry, and the media literacy of radio audiences.

The CMA therefore broadly supports Ofcom's proposals to amend the localness guidelines for local commercial radio stations given the caveats listed above. The CMA and the community radio sector look forward to working with Ofcom, DCMS, and the local commercial radio sector in continuing to develop radio in the UK at the local and hyperlocal level.